COMMANDERS DIGEST

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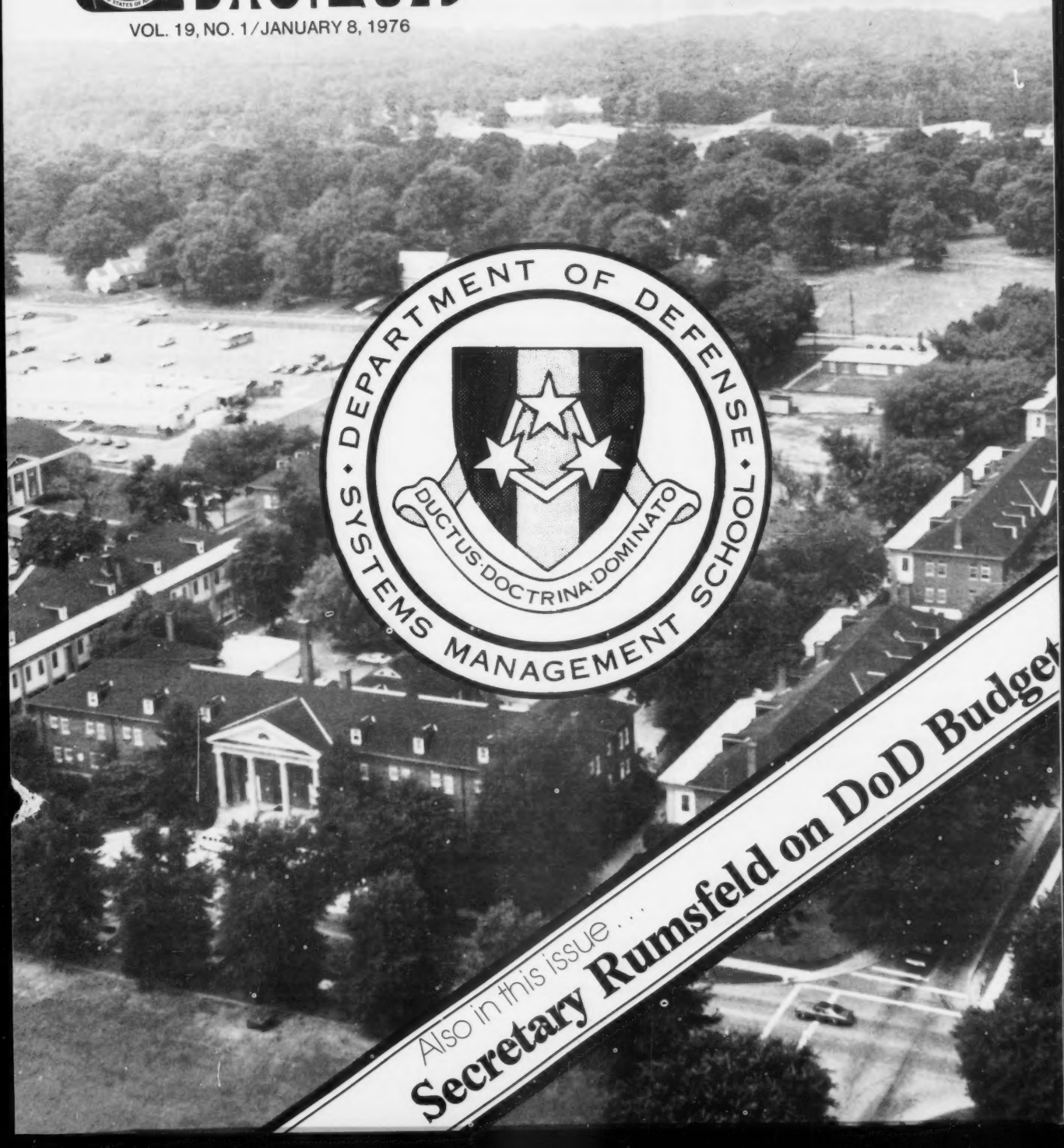


Also in this issue . . .

Secretary Rumsfeld on DoD Budget

"The United States should possess a military capability second to none"

By Secretary of Defense Donald H. Rumsfeld

The Department of Defense is continuously concerned with appropriate budget levels and possible fiscal constraints which could directly affect the daily operational military capabilities of United States forces.

Because the budget of the Defense Department is of such crucial importance to national defense posture, the following remarks by Secretary of Defense Donald H. Rumsfeld at his first Pentagon press conference on Dec. 22, 1975, are provided *Commanders Digest* readers for insight into the FY 1977 Department of Defense budget.

"With respect to the budget, I spent a good many hours during the last month as a cap to the many hours and weeks and months that have been spent previously. Obviously, it's the President's budget, and it's for the President to announce levels and specifics. However, I do have a few general observations about it. It struck me during the consideration of the budget that a budget for the Department of Defense should not be appraised for adequacy solely in terms of such things as the per cent of Gross National Product, or as the balance between defense-related activities as opposed to non-defense-related activities, but rather, that a Department of Defense budget has to be measured against, and justified, in terms of national security needs of this country.

"The FY 1977 budget the President has tentatively approved, and it is only tentative, as I understand it, is in my view sufficient and meets the test of national security needed for the United States of America. At the same time, it will show some sharing in the general restraint that we will see in overall Federal spending.

"In justifying a budget for the Department of Defense, we have to recognize that trends in defense capabilities and the perception of those trends are factors as well as the capabilities that those funds provide. For this reason, the budget, beyond providing the necessary funds, should, and in my judgment will, demonstrate a steadiness of purpose on the part of the United States and a consistency of effort over a period of time.

"It will show, if it holds, a real program growth, which I think is important. Additionally, it will provide for no reductions in force structure, and in fact a continuation of the program to complete the 16-division active Army structure; continued improvement in the operational and conventional capabilities of the forces; reduction in maintenance backlog of major items; support of programs designed to enhance the quality and professional standards of the All-Volunteer force during the period ahead; maintaining and hopefully improving force readiness; and will provide for some improvements in our strategic capabilities which are consistent with Strategic Arms Limitation Talks (SALT).

"The Department will continue to pursue cost efficiency programs such as base closures where desirable, realignment actions, transfer of supportive resources to combat functions, and headquarters adjustment.

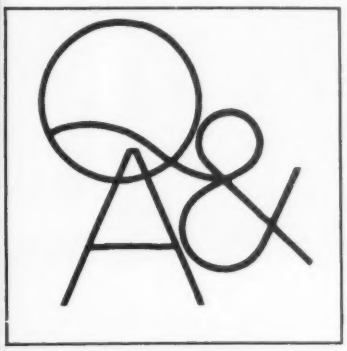
"In short, the intention is to see that the FY 77 budget will support a national policy that has been articulated by the President that the United States should possess a military capability second to none.

"We certainly intend to work with the Congress on this budget, and have begun some visits with members of the House and Senate already. There is no question but that it will be a somewhat new ball game up there with the Budget Committee in full force for the first time, and so we will be working with the House and Senate Armed Services Committees, House and Senate Appropriations Committees, as they and we work with the Budget Committees during that particularly important early period prior to the Budget Committees'

setting of an overall limit and their apportionment within that overall limit for the various activities of the government."

* * *

After his opening remarks Secretary Rumsfeld responded to questions from reporters. Following are excepts of the question/answer session concerning the Defense Budget:



Q: To meet the test of security—I wonder if you might tell us what is the test of security, what are some of the tests of security that govern you in your decisions?

A: *Well, as I indicated, I am willing, and in fact would myself from time to time discuss the Defense budget in the context of trends with respect to its percentage of the Gross National Product, or its allocation as between human resources and Defense. But my personal view is that that is not the way a defense budget should be constructed, and it is not the way the defense capabilities of the United States of America should be determined.*

They should be determined on the needs of this country. And I indicated that there are really three main elements: One is the actual capability from the standpoint of both deterrence and defense.

A second is the trends in that capability vis-a-vis the Soviet Union. That is to say, you could take a snapshot at a given point in time and say that a budget of "X" is adequate for that moment. But if the trends are wrong, I think that's something that has to be taken into account in the budget.

And I mentioned the third, the perception of both the capability and the trends. I think there is no question but that that has a bearing — external perception.

Q: So that our allies look as though we are tough enough to meet the threat?

A: *I think it runs not simply to allies; it runs obviously to your allies. But even beyond to neutrals and potential adversaries, because once there is an incorrect perception from the standpoint of potential adversaries you begin to affect the deterrent.*

Q: Well, these have to be expressed in numbers, though, in the end, don't they?

A: *Well, it is a very imprecise art. I'm not suggesting it can be done with mathematical certainty. I mentioned these three things because they were factors in my mind as I wrestled with a number of these questions, and I have heard arguments that people use to either justify a certain budget, or to justify the opposite side that seem to me to be less central than the ones I have described.*

Another argument that comes up from time to time, for example, is the one that to the extent you reduce the defense budget, you affect employment. I don't think of the Defense Department as an accelerated public works program.

On the other hand, that's a fact, that it can affect employment. But I begin at the beginning. The beginning is the need, as I have described it, notwithstanding the fact that it doesn't lend itself to perfect mathematical certainty.

Secretary Rumsfeld

Donald H. Rumsfeld was nominated by President Ford as 13th Secretary of Defense Nov. 4, 1975; he was confirmed by the U.S. Senate Nov. 18, 1975; and he was sworn into office Nov. 20, 1975.

Rumsfeld was serving as Assistant to the President when he was nominated to be Secretary of Defense. He was named to the White House position Sept. 27, 1974. As Assistant to the President, he served as a member of the Cabinet, Director of the White House Office of Operations, and as Coordinator of the White House Staff. Previously, he headed President Ford's transition team in August 1974.

Born July 9, 1932 in Chicago, Illinois, Mr. Rumsfeld received a B.A. degree in Politics from Princeton University in 1954, and served in the U.S. Navy as an aviator from 1954 until 1957.

Rumsfeld became active in government in 1958 when he worked as Administrative Assistant to U.S. Representative Dave Dennison of Ohio. In 1959,

(Continued on page 4)

he became a staff assistant to then U.S. Representative Robert Griffin of Michigan. From 1960 to 1962, he was with the Chicago investment banking firm of A. G. Becker and Company.

In 1962, he was elected to the U.S. House of Representatives from the Thirteenth District of Illinois to serve in the Eighty-Eighth Congress. He was re-elected in 1964, 1966, and 1968. In the Congress, he served on the Joint Economic Committee, the Committee on Science and Aeronautics, the Government Operations Committee, and the Subcommittees on Military and Foreign Operations.

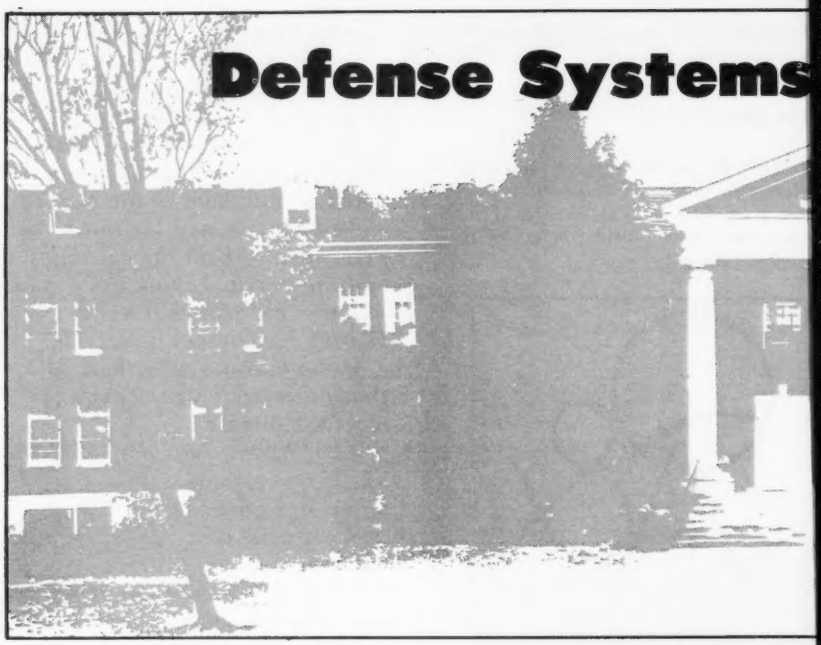
In 1969, he resigned his seat in the House to join the Cabinet as an Assistant to the President and the Director of the Office of Economic Opportunity. In December 1970, he was named Counselor to the President, and in October 1971, he was appointed Director of the Cost of Living Council.

Rumsfeld was named U.S. Ambassador to the North Atlantic Treaty Organization in February 1973. He served as the United States' Permanent Representative to the North Atlantic Council, the Defense Planning Committee, and the Nuclear Planning Group. In this capacity, he represented the United States on a wide range of defense and diplomatic matters.

Rumsfeld has received honorary degrees in law from Park College, Missouri, Lake Forest College, Illinois, and Illinois College, Illinois. Additional awards include the Opportunities Industrial Center's Executive Government Award and the Distinguished Eagle Scout Award.

He married the former Joyce Pierson of Wilmette, Illinois in 1954. They have two daughters, Valerie, 19 and Marcy, 15, and a son, Nicholas, 8.

Defense Systems



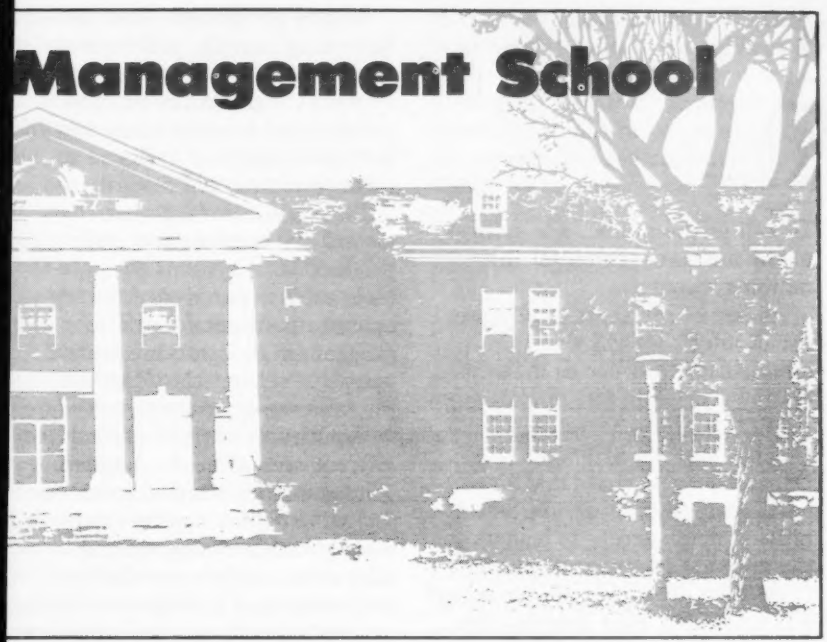
The Defense Systems Management School—generally known as DSMS—was organized for the specific purpose of improving the capability and effectiveness of managers for the important development and production programs of the Department of Defense. Since the first class in the basic 20-week course in program management entered DSMS in July 1971, about 120 students have completed the course annually. However, in a recent study authorized by the DSMS Policy Guidance Council, it was learned that the present completion rate in this course, as well as in the executive management courses, is not sufficient to meet the annual needs of the military departments for personnel—both military and civilian—who have some education in defense systems acquisition management.

The DSMS Policy Guidance Council, acting on the basis of the findings in the study, and with full support from Deputy Secretary of Defense William P. Clements, Jr., authorized an expansion of DSMS that would allow an increase in enrollment in the Program Management Course (PMC) from the 120 students per year in Fiscal Year 1975 to 200 students in FY 1976—and to 400 students per year by FY 1978.

In the executive management courses, class sizes are being increased from 20 students per class to 30 students per class. Furthermore, the number of executive management course offerings per year is being increased.

During the school's first four and one-half years of operation, 1,849 students completed courses. Now, because of the authorized expansion, more than 1,100 will complete course offerings in 1976

Management School



alone. A total of 240 students will be graduated this year from the PMC, and another 860 students will complete the courses offered by the Department of Executive Management Courses. This is a sharp increase in the annual student enrollment!

To accommodate the increase in enrollment in the intermediate management and executive management courses, DSMS acquired four neighboring buildings and a theater at Fort Belvoir, Virginia in July 1975. Although these buildings must be refurbished, two have already been placed in limited use. The expansion into adjoining buildings is permitting a progressive enlargement in DSMS capability with little disruption in continuity. Further, it is enabling the enrollment of larger classes sooner than would have been possible if DSMS had to be dependent upon construction of new facilities under the Military Construction Program.

In addition to the growth of the annual enrollment of students in the PMC and in the executive management courses, it is anticipated that the staff and faculty, both military and civilian, professional and non-professional, will increase about 25 percent by FY 1978.

Maj. Gen. John G. Albert (USAF), DSMS Commandant, after completing his first year at the school, said recently, "I am absolutely convinced that DSMS is heading in the proper direction. My role, as I see it now, is to successfully carry out our expansion plans and to assure every student hour is spent in the most efficient way and with the greatest long-term return in the interest of national security."

Secretary Clements agrees and adds, "When all of our future

MG JOHN G. ALBERT (USAF)

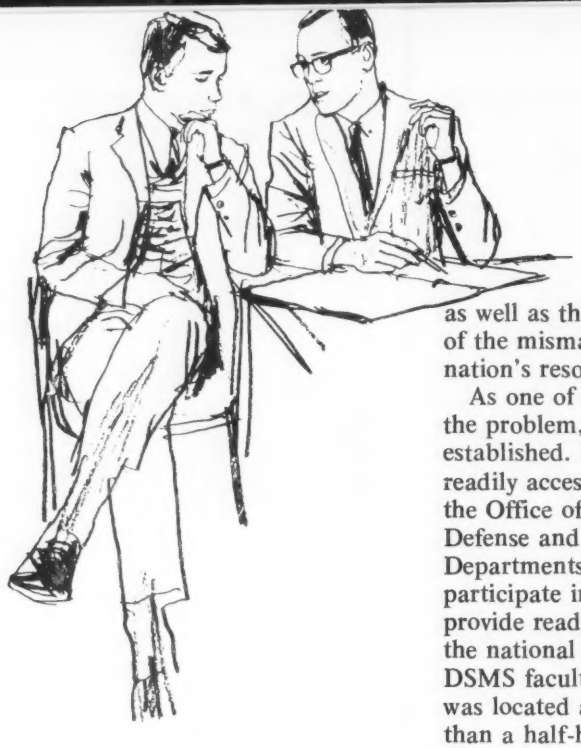
Maj. Gen. John G. Albert was born in Dansville, N.Y. and was graduated from Dansville High School in 1941. He then attended Cornell University for one and one-half years prior to enlisting in the Army Air Corps. He was assigned to Hamilton College in 1943as a meteorology student for one year, to subsequently serve as a weather observer/forecaster. He entered the U.S. Military Academy in 1945 and was graduated in 1949 with his commission as a second lieutenant.

His first duty assignment after graduation was at the Air Tactical School, Tyndall AFB, Florida. In January 1950 he was transferred to Holloman AFB, New Mexico, to begin his career in guided missiles. At Holloman, General Albert was project officer for the X-7 ramjet test vehicle.

The general held numerous important positions between Holloman AFB and his present job.

He became the second Commandant of the Defense Systems Management School on July 10, 1974.

General Albert is married to the former Jean Lee Love of Burlington, N.C. They have 10 children: Cecilia C., John G., Jr., Julia C., Mary, Patricia L., James L., Barbara A., Michael G., Rebecca J., and Joseph T.



senior program managers are graduates of DSMS, and their selections and promotions are based on demonstrated performance, the management of defense systems programs within the Department of Defense will have made a quantum jump from what it is today."

So, DSMS is moving forward. But, one might ask, how did the school come into being and what does it offer in terms of courses?

SCHOOL ORGANIZED

In 1969, when the Honorable David Packard became Deputy Secretary of Defense, the Pentagon was under fire for the poor management of its defense systems programs. Large cost overruns and technical foul ups on such programs as the C-5A transport, the F-111 fighter-bomber, the Mark-48 torpedo and the Cheyenne helicopter were being widely publicized. The Congress, as well as the public, was critical of the mismanagement of this nation's resources.

As one of the steps to alleviate the problem, DSMS was established. In order to make it readily accessible for officials from the Office of the Secretary of Defense and the Military Departments to visit DSMS and participate in its program, and to provide ready access to leaders in the national government by the DSMS faculty and staff, the school was located at Fort Belvoir—less than a half-hour drive from Washington, D.C.

Brig. Gen. Winfield S. Scott (USA), was selected as the first commandant and given the task of organizing and activating DSMS. With full support from the Office of the Secretary of Defense and a charter delineating his responsibilities and authority, General Scott officially opened the doors of the school in July 1971. Through his leadership, and assistance from the outstanding faculty and staff he assembled, General Scott "developed an institution now respected by government and industry alike for its contribution to weapons acquisition management." So stated Secretary Clements in July 1974 at the change of command ceremonies when Brig. Gen. John G. Albert, USAF (now Major General) became the second commandant.

DSMS recognized from the beginning that the problems associated with managing defense systems programs (sometimes called projects) were caused by the fact that personnel assigned to them were oriented toward military operations, rather than toward the development and production of systems that are the tools used to carry out military operations successfully. The program managers were looked upon as "second-class" citizens by the military departments. Assignments for the seasoned officers were often dead-ended. Younger officers did not view such assignments as stepping-stones to more prestigious operational assignments. Little wonder the Department of Defense was having trouble with the way its programs were being managed!

CAREER FIELDS

Recently, another step was taken to alleviate the career enhancement problem just cited. In December 1974, Secretary Clements issued a directive establishing policy for the selection, training and career development of DoD personnel for the management of major defense systems acquisition. Under this policy, the military departments define systems acquisition management career paths and issue procedures for attracting, developing, retaining and rewarding those who select defense

systems acquisition management as a career field. While each Service is responsible for the education of its personnel, each program management candidate will be required to attend DSMS before, or shortly after assignment to the career field. Methods of measuring performance will be developed so that only the most competent individuals will be retained in the career field. Future evaluations of program managers will take into account the unique requirements of the particular program involved. Promotional opportunities—equivalent to operational line and command positions for those who qualify by demonstrated performance—will be stressed. Promotion boards will include experienced acquisition managers in their membership.

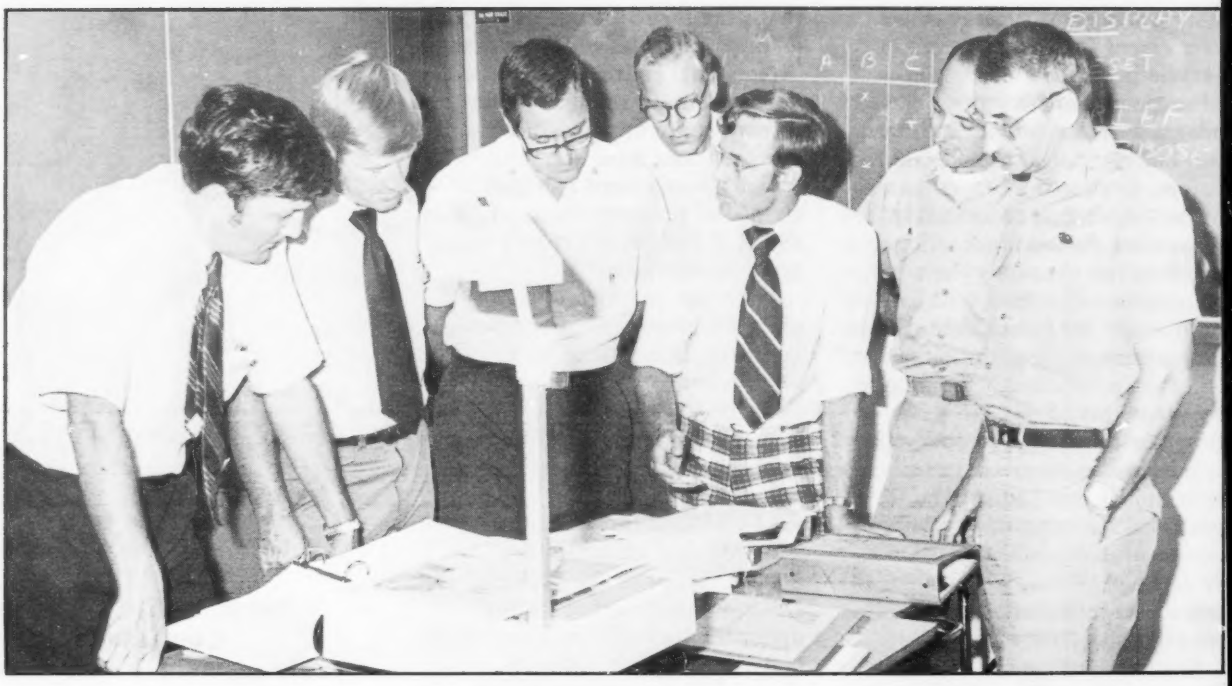
Commenting on the directive, Secretary Clements recently said that "the thrust of this new policy is to develop within the Services a professional cadre of programs managers." To this, he added that it was his intent to "assure that our programs have continuity in senior management and that a change of program manager, when made, is tied normally to a major program milestone."

With the qualifications of program management candidates and their career fields now established, it becomes incumbent upon DSMS to offer each program management candidate the best professional education possible.

GOVERNING BODY

DSMS is a joint Military Service/Office of the Secretary of Defense institution operating under the direction of a governing body, the Policy Guidance Council. The members of this

The Executive Refresher Course in Program Management, seen in class here, is one of four executive management courses offered at the school.



Management-simulation exercises are used to resolve program management issues in the Defense Systems Management School. These exercises take place in a management laboratory where a mythical surface-to-surface missile, designated System X, is acquired within a hypothetical Service environment.

council, chaired by the Director of Defense Research and Engineering, Dr. Malcolm R. Currie, are the Assistant Secretaries of Defense (Installations and Logistics), (Comptroller), (Manpower and Reserve Affairs); an Assistant Secretary of each Military Department; and the commanders of the Army Materiel Command, the Naval Material Command, the Air Force Systems and Logistics Commands. The Assistant Director of Defense Research and Engineering (Engineering Policy) serves as the executive secretary. This council provides policy and guidance and approves DSMS plans.

ADVISORY BODY

An advisory body—the Board of Visitors—examines DSMS organization, management, operations, curricula, methods of instruction and facilities annually and provides recommendations and counsel bearing on the accomplishment of the DSMS mission. The Board reports its findings and makes its recommendations—as to actions that should be taken by DSMS—to the Policy Guidance Council through the commandant. The Board is composed of three members from defense industry, three members from the general business community, and three members from the academic community. The length of term of each member is two years, but a member's term may be extended for an additional year upon recommendation of the Board chairman.

DSMS MISSION

From the outset, the DSMS has had a threefold mission:

- To conduct advanced courses

of study that will prepare selected military officers and civilian personnel for assignments in program management career fields, and coping with various facets of defense systems acquisition management (this is the primary mission of the school).

- To conduct research or special studies in defense program management and defense systems acquisition management concepts and methods.
- To assemble and disseminate information concerning new policies, methods, and practices in programs management and defense system acquisition management.

DSMS has accepted the difficult assignment of preparing its graduates for important development and production programs of the Department of Defense. The task is a challenging one because it requires the molding of theory, media, and facilities into a systematically managed instructional design.

COURSE OFFERINGS

DSMS offers a basic course in program management and four executive management courses. A brief examination of each course will provide an insight into the extent of the DSMS offerings.

The 20-week Program Management Course (PMC)—offered twice a year—has been designed to educate selected intermediate-level military officers and civilian personnel for assignments in defense systems acquisition management. Students are educated in a broad spectrum of program management activities through:

- Opportunities to experience the actions necessary in resolving program management issues.
- Management simulation exercises, and
- Case studies.

A close relationship is maintained between the problems encountered on current military programs and those provided in the classroom. The PMC focuses on key management issues through such functional course offerings as Fundamentals of Program Management, Contract Management, Program Financial Management and Control, Values and Interpersonal Strategies in Management, and Essentials of Corporate Finance.

The resolution of program management issues is developed through a series of management-simulation exercises that emphasize the dynamics of synthesis, integration, and interpersonal relationships. These exercises take place in a management laboratory where a mythical surface-to-surface missile, designated System X, is acquired within a hypothetical Service environment. The students, divided into small program office teams, are confronted—in 24 carefully conceived exercises—with the complex management issues faced in the real world when acquiring a major, technically sophisticated defense system. The teams have to seek out the problems and arrive at workable solutions.

An attempt is made to achieve a balance among the Services within the student body for each DSMS course. In addition, industrial organizations are encouraged to send participants. All of the students attending the PMC have baccalaureate degrees, more than 50 per cent have masters degrees, and more than five per cent have doctorates. Some of the students have had experience in program management offices, but these students are in the minority. A total of 566 officers, civilians and industry personnel have completed the course.

The four executive management courses offered by DSMS are the Executive Refresher Course in Program Management, the Orientation in Systems Acquisition, the Industry Financial Management Course, and the Contractor Performance Measurement Course.

The Executive Refresher Course for senior level managers is designed to review current concepts, methods and policy dealing with systems acquisition management and to disseminate new management approaches. Three hundred and forty-eight managers have completed this three-week course.

Acquisition is designed to familiarize participants with defense systems acquisition management and to acquaint them with the impact and important implications resulting from the actions of interfacing commands/staffs of each of the military services and the Office of the Secretary of Defense. One hundred and ten selected generals from the Army and Air Force, flag officers from the Navy, and senior civilians in each of the military services as well as the Office of the Secretary of Defense have availed themselves of the opportunity to take this three-and-one-half day course.

The Industry Financial Management Course—offered for the first time in the summer of 1974—provides practicing and newly appointed program managers with a working knowledge of industry financial management along with sufficient background to recognize and articulate defense contractor financial issues in industrial concepts and terms. This popular two-week course—now offered on the West Coast as well as on the DSMS campus—has been completed by 263 students.

The Contractor Performance Measurement Course (previously known as the Cost/Schedule Control Systems Criteria (C/SCSC Course) delves into a study of 35 cost/schedule control systems criteria. Case studies and "hands on" exercises provide practical application of the principles associated with this subject field during the one-week session. A total of 562 students from the government and industry have completed this course.

From the forgoing it may be seen that each course offered by DSMS is tailored to meet the general needs of DoD and the specific needs of those who enroll. The courses must be responsive to a dynamic DoD environment. Therefore, each course is reviewed twice a year to ensure that only the latest DoD policy and direction—as well as accepted practice—is presented in the classroom. For example, in the System X laboratory course— a course initially developed under

outside contract, but updated under the cognizance of the DSMS faculty and staff during the past year—some of the exercises have been combined to change emphasis in the subject matter and reduce student contact hours from 120 to 100. At the same time, additional course material has been added, such as that pertaining to foreign military sales, to ensure continuing realism with the current program management environment.

The courses are taught by an experienced faculty that is complemented by consultants and distinguished guest lecturers from the government, the defense industry, the general business community, and academia. The guest lecturers are considered an essential part of each course—be it an intermediate level or an executive management course.

DEFENSE SYSTEMS MANAGEMENT SCHOOL TENTATIVE 1976 SCHOOL CALENDAR

PROGRAM MANAGEMENT COURSE SCHEDULE

NUMBER	START	COMPLETE
76-1	Jan 26	June 11
76-2	Jul 26	Dec 10

EXECUTIVE REFRESHER COURSE SCHEDULE

76-1	Feb 23	Mar 12
76-2	May 3	May 21
76-3	Sep 13	Oct 1
76-4	Nov 1	Nov 19

CONTRACTOR PERFORMANCE MEASUREMENT COURSE (C/SCSC) SCHEDULE

76-1	Jan 12	Jan 16
76-2	Feb 9	Feb 13
76-3	Mar 1	Mar 5
76-4	Mar 22	Mar 26
76-5	Apr 26	Apr 30
76-6	Jun 14	Jun 18
76-7	Aug 23	Aug 27
76-8	Sep 20	Sep 24
76-9	Oct 4	Oct 8
76-10	Oct 18	Oct 22
76-11	Nov 15	Nov 19
76-12	Nov 29	Dec 3

ORIENTATION IN SYSTEMS ACQUISITION SCHEDULE

76-1	Apr 6	Apr 9
76-2	June 22	June 25
76-3	Oct 19	Oct 22

INDUSTRY FINANCIAL MANAGEMENT SCHEDULE

76-1 (Program Mgrs)	Jan 19	Jan 30
76-2 (Intermediate Mgrs)	Feb 2	Feb 13
76-3 (Intermediate Mgrs)	Mar 29	Apr 9
76-4 (Program Mgrs)	Apr 12	Apr 23
76-5 (Intermediate Mgrs)	Jun 21	Jul 2
76-6 (Program Mgrs)	Aug 9	Aug 20
76-7 (Intermediate Mgrs)	Sep 27	Oct 8
76-8 (Program Mgrs)	Dec 6	Dec 17

INDUSTRY FINANCIAL MANAGEMENT (WEST COAST)

76-2W	Mar 15	Mar 26
76-3W	Aug 23	Sep 3

Those who lecture at DSMS are recognized experts in their chosen fields.

THE OUTLOOK

In a few short years, the merit of organizing a school dedicated to the professional education of DoD personnel in program management and defense systems acquisition management has become widely recognized. Eighty-seven per cent of the DSMS graduates are now assigned to program management offices or to related supporting functional operations. Ninety-four per cent of the PMC graduates report that they have been able to effectively use their DSMS education. As these graduates begin to assume key roles in the management of our major defense system programs, the value of the education offered to military officers and civilians at DSMS will become even more apparent.

With the continuing close support of the Office of the Secretary of Defense and the military departments displayed during the first four and one-half years of its existence, along with the dedication of the DSMS faculty and staff, DSMS will successfully meet the challenge it has been given and the country's national security will be strengthened by the results.

DEAR READER . . .

Effective with this issue, the Commanders Digest will be published on a bi-weekly schedule.

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